

LEGISLATURE OF NEBRASKA
NINETY-NINTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 542

Introduced by Burling, 33; Baker, 44; Bourne, 8; Combs, 32;
Erdman, 47; Janssen, 15; Kremer, 34; Louden, 49;
Price, 26; Schrock, 38; Stuhr, 24; Stuthman, 22;
Synowiecki, 7

Read first time January 14, 2005

Committee: Revenue

A BILL

- 1 FOR AN ACT relating to revenue and taxation; to create the Tax
- 2 Policy Reform Commission; to provide powers and duties;
- 3 and to declare an emergency.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. The Legislature finds that there are
2 significant issues relating to Nebraska's tax policy that need to
3 be reviewed and improved. The Legislature also finds that a law to
4 create a tax policy reform commission to study Nebraska's tax
5 structure, ensure the passage of institutional knowledge about
6 current tax structure issues, and provide recommendations for sound
7 tax policy is essential to the growth of our economy and the social
8 welfare of our citizens. To address this subject, the Governor
9 shall appoint the Tax Policy Reform Commission as provided in
10 section 2 of this act.

11 Sec. 2. (1) The Tax Policy Reform Commission is created.
12 The commission shall have no more than thirty members. All members
13 shall be appointed by the Governor with recommendations from the
14 Legislature as follows:

15 (a) The chairperson of the Revenue Committee of the
16 Legislature;

17 (b) Two members of the Legislature who will not be term
18 limited out of the Legislature in January 2007;

19 (c) The Director of Economic Development or his or her
20 representative;

21 (d) The Tax Commissioner or his or her representative;

22 (e) The Property Tax Administrator or his or her
23 representative;

24 (f) One representative of the tourism industry;

25 (g) One representative of retail sales;

26 (h) One tax policy expert appointed from a list of names
27 submitted by the Revenue Committee of the Legislature;

28 (i) One representative of natural resources districts

1 appointed from a list of names submitted by the Natural Resources
2 Committee of the Legislature;

3 (j) One representative of the health sector appointed
4 from a list of names submitted by the Health and Human Services
5 Committee of the Legislature;

6 (k) Four representatives of education appointed from a
7 list of names submitted by the Education Committee of the
8 Legislature; one of whom represents K-12 school boards, one of whom
9 represents K-12 educators, one of whom represents the University of
10 Nebraska, and one of whom represents community colleges;

11 (l) Two representatives of production agriculture
12 appointed from a list of names submitted by the Agriculture
13 Committee of the Legislature;

14 (m) Two representatives of industry and manufacturing
15 appointed from a list of names submitted by the Business and Labor
16 Committee of the Legislature;

17 (n) One representative of the banking sector appointed
18 from a list of names submitted by the Banking, Commerce and
19 Insurance Committee of the Legislature;

20 (o) One representative of the electronic
21 telecommunications sector and one representative from the
22 transportation sector appointed from a list of names submitted by
23 the Transportation and Telecommunications Committee of the
24 Legislature; and

25 (p) Four representatives of city and county government
26 appointed from a list of names submitted by the Government,
27 Military and Veterans Affairs Committee of the Legislature, one of
28 whom represents counties with a population equal to or less than

1 thirty thousand, one of whom represents counties with a population
2 greater than thirty thousand, one of whom represents cities with a
3 population of less than or equal to forty thousand, and one of whom
4 represents cities with a population of greater than forty thousand.

5 (2) Additional members may be appointed to the Tax Policy
6 Reform Commission to achieve adequate representation and balance as
7 deemed necessary by the Governor.

8 (3) In making the appointments, the Governor shall
9 recognize the unusual demographics of this state and the unique
10 differences and needs of the sparsely populated areas and the more
11 densely populated areas and appoint members that bring balance to
12 the commission. The members shall have substantial expertise and
13 experience in state and local government matters, public finance,
14 and other related tax policy areas. Appointments shall be made no
15 later than twenty days after the effective date of this act.

16 Sec. 3. (1) The Governor shall appoint the
17 co-chairpersons of the Tax Policy Reform Commission from among its
18 members.

19 (2) The commission shall select an executive committee.
20 The executive committee shall consist of the following commission
21 members: The chairperson of the Revenue Committee; the Director of
22 Economic Development; the Tax Commissioner; the Property Tax
23 Administrator; one representative of K-12 Education; one
24 representative of postsecondary education; one representative of
25 county or city government; one representative of production
26 agriculture; one representative of industry and manufacturing; and
27 one representative of the state at large. Each executive committee
28 member shall be responsible for representing the rest of his or her

1 interest group on the executive committee. The executive committee
2 shall be responsible for developing the operating rules of the
3 commission and for developing proposals and recommendations to be
4 considered by the entire commission. The executive committee may
5 meet as often as deemed necessary.

6 Sec. 4. The Tax Policy Reform Commission shall meet
7 quarterly or more if the executive committee determines additional
8 meetings are necessary to accomplish the objectives established in
9 this act giving consideration to the funds appropriated. Members
10 shall be reimbursed for their actual and necessary expenses as
11 provided in sections 81-1174 to 81-1176.

12 Sec. 5. The Tax Reform Policy Commission shall:

13 (1) Identify and review past legislation, rules, and
14 regulations that have been adopted since the inception of the sales
15 and use and income tax as the major source of state revenue;

16 (2) Evaluate the current tax laws as to fairness, equity,
17 and simplicity, and recommend improvements;

18 (3) Evaluate current business tax incentive programs and
19 make recommendations as to their level of involvement in any future
20 tax policy. Evaluate our existing tax structure and offer
21 recommendations that include, but not be limited to, specific
22 issues identified by the commission for legislation for the
23 consideration by the Legislature in 2007;

24 (4) Develop recommendations for the reform of Nebraska's
25 tax laws to establish a balanced tax system that provides maximum
26 economic development benefits and maintains necessary government
27 services at an appropriate level. Proposed changes should
28 encourage economic development, enhance sound businesses that

1 provide good jobs, and ensure adequate funding for needed
2 government services;

3 (5) Issue a report to the Executive Board of the
4 Legislative Council and the Revenue Committee of the Legislature by
5 November 15, 2006, containing the recommendations for legislation
6 with the intent to reform tax policy and, if appropriate, a draft
7 legislative proposal.

8 Sec. 6. The Tax Policy Reform Commission may hold
9 hearing throughout the state for the purpose of receiving input
10 from members of the public on the issues identified in this act.

11 Sec. 7. (1) On behalf of the Tax Policy Reform
12 Commission, the Revenue Committee of the Legislature shall contract
13 for the services of a meeting facilitator and such other assistance
14 as the commission deems within the limits of the funds
15 appropriated. The contract shall have the approval of the
16 Executive Board of the Legislature.

17 (2) The commission shall hire or contract for appropriate
18 staff. Staff for the commission shall be housed under the
19 Department of Revenue. Staff shall assist the commission as
20 directed by the co-chairpersons, including conducting interviews
21 with parties that wish to express their views to the commission and
22 synthesizing this information for the commission. The commission
23 may request assistance from legislative divisions, legislative
24 staff, the budget division of the Department of Administrative
25 Services, the Department of Property Assessment and Taxation, and
26 the Department of Revenue.

27 (3) Funds for the commission shall be appropriated to the
28 Department of Revenue and administered under the direction of the

1 Department of Revenue.

2 Sec. 8. This act terminates on December 31, 2006.

3 Sec. 9. Since an emergency exists, this act takes effect
4 when passed and approved according to law.